

**Impact of the corona outbreak on the
UK Mergers & Acquisitions mid-market**

Dealsuite

Corona update
april 2020

April 2020

Impact of the corona outbreak

This is the *Dealsuite corona update*, a report with insights on the effects of the corona outbreak on the UK M&A mid-market.

The virus is the root cause of many uncertainties in the market that have caused a paralyzing effect on transactions and deal flow. During these critical events Dealsuite fulfils its role as a connector of the M&A community. We do this by bringing together supply & demand whilst facilitating knowledge sharing within our network.

We asked our UK clients in an online survey about their experiences in the market and their vision for the near future. We also asked about their vision on potential opportunities given the current circumstances.

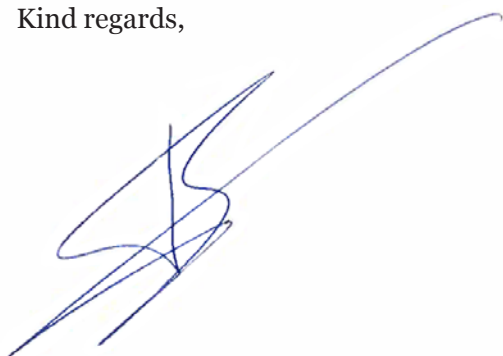
Goal of this survey:

Gather and share first insights into the impact of the corona virus on the UK M&A mid-market.

News is spreading rapidly and so we found it important to provide our clients with results quickly. The survey has been open for 6 days and received 73 responses from UK members in this short duration; highlighting the strength of the mid-market M&A community. You will find the results and conclusions of our survey in this report.

Should you have any questions or suggestions about this report, please do not hesitate to reach out to us.

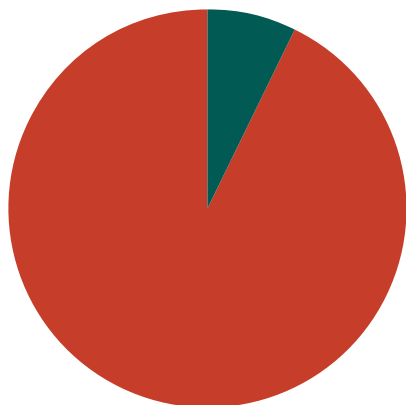
Kind regards,

A handwritten signature in blue ink, appearing to read 'F. Plettenberg', with a long, sweeping horizontal line extending to the right.

Floyd Plettenberg MSc. RC
CEO Dealsuite

#1 Consequences for day to day work

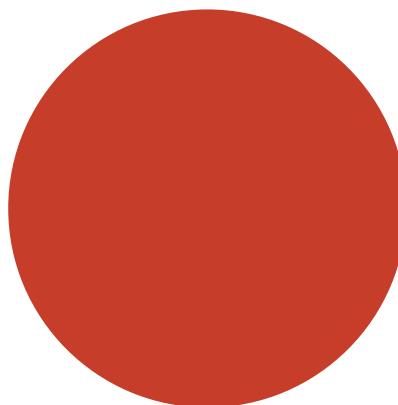
Question 1 **From which location are the employees of your firm currently working?**



■ Partly from the office, partly from home ■ From home

Almost all of our respondents work entirely from home

Question 2 **Are you still physically visiting clients and/or prospects?**



■ Yes ■ No

Physical meetings with clients have completely stopped



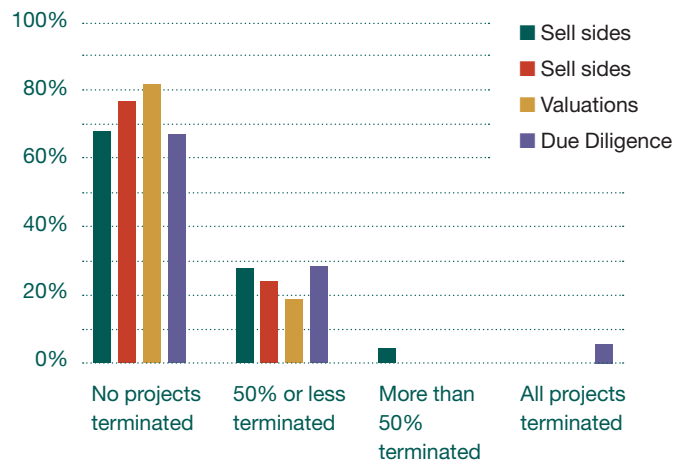
#2 Consequences for the market and project portfolio

Question 3 What percentage of current deal processes have been put ON HOLD in the last two weeks?



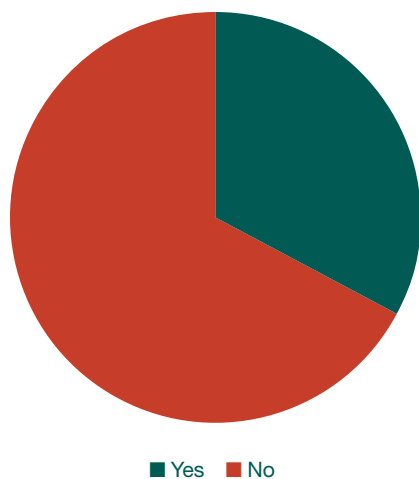
- Almost one third of the respondents answered that all of their sell-side projects were being put on hold
- More than one third of the respondents answered that all of their buy-side projects were being put on hold
- One fourth of the respondents did not have any due diligence projects being put on hold

Question 4 What percentage of current deal processes have been terminated in the last two weeks?



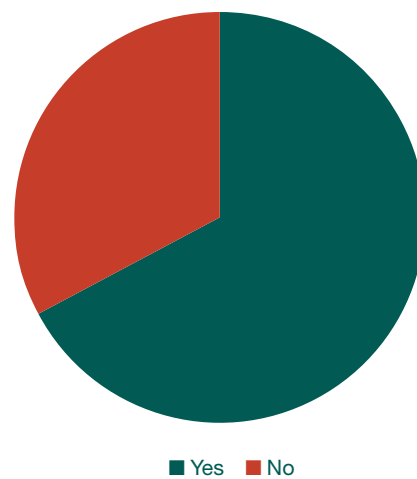
- At more than 2 out of 3 firms, no buy-side or sell-side projects have been cancelled yet

Question 5 Did you obtain any new assignments?



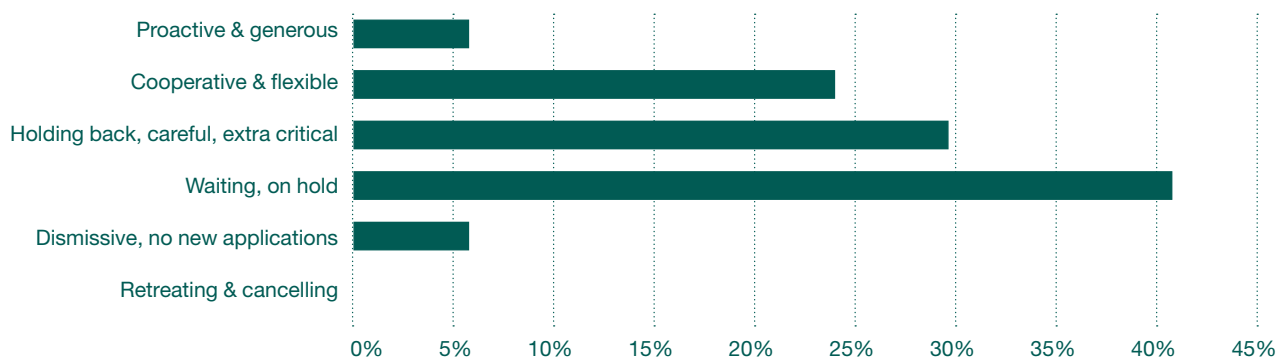
Two thirds of the respondents have not received any incoming projects

Question 6 Did you notice any change in the attitude of financiers?



Two thirds of the respondents noticed a change in behaviour of lenders

Question 7 **If you answered “Yes” at the previous question:
What kind of change do you see in the attitude of financiers?**

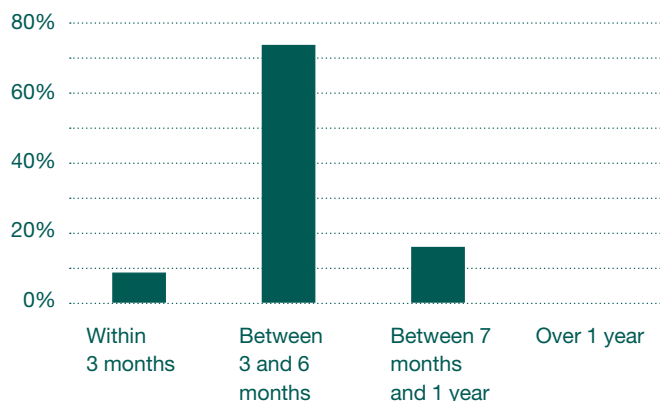


About 3 out of 4 respondents notice that lenders have been holding back, waiting or dismissive with new loan applications



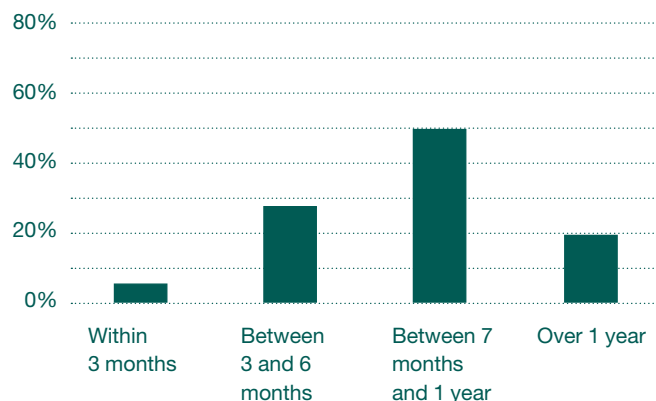
#3 Expectations for the upcoming months

Question 8 The market is unstable at the moment. How many months do you think it will take for the market to stabilize?



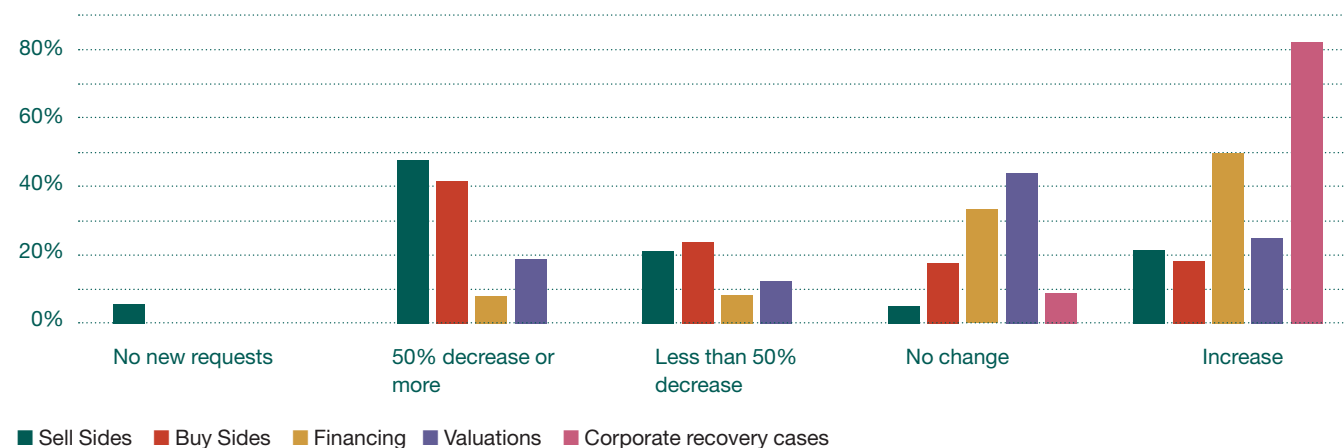
Over 4 out of 5 respondents think the M&A market will recover within 6 months

Question 9 How many months do you think it will take for the M&A market returns to pre corona virus levels?



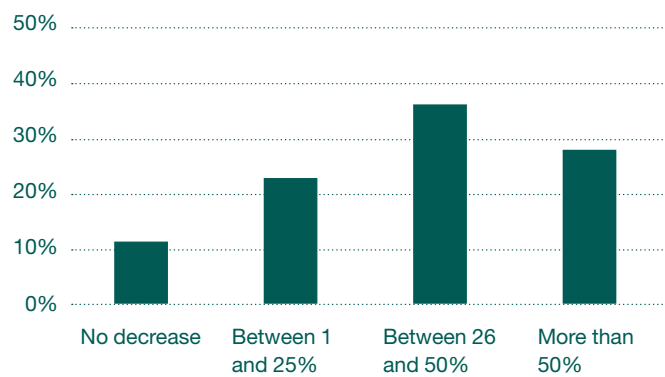
Less than 1 out of 5 respondents expects that it will take more than a year before the market returns to pre-corona levels

Question 10 What difference do you expect in the next three months in regards to new assignments?



- Over half of the respondents expects a decrease of at least 50% in the number of new sell side projects
- More than 1 in 3 respondents answered that they expect no negative impact on new buy-side projects
- One fourth of the respondents expect an increase in valuation projects
- Half of the respondents expect an increase in financing projects
- Over 4 out of 5 respondents expect an increase in corporate recovery projects

Question 11 **How much work (expressed as a percentage) will your firm lose in the next 3 months as a result of the corona virus?**



Almost two thirds of the respondents expect a decrease in work of at least 25%



#4 Opportunities in times of corona crisis

- 1 Increase in the number of corporate recovery, restructuring and (re-)financing cases
 - 2 Falling prices offer opportunities for buy side parties that have sufficient cash
 - 3 On the sell-side there will be a rise in opportunities for accelerated and distressed M&A
 - 4 Increased demand for companies in particular sectors, such as pharmaceuticals, video conferencing, home gyms, will increase
 - 5 Private markets may benefit from fear and underperformance in public markets
 - 6 There will be consolidations throughout the economy where companies with strong balance sheets and stable earnings are likely to gain market share
 - 7 Increase in independent business reviews and focus on strategic M&A advisory work
 - 8 Value expectations on the sell side become more realistic, which improves the chance of success per transaction and the transaction speed
 - 9 Shifting focus from the importance of transaction structure to added value
 - 10 Companies will adjust their strategy; This can lead to new and different acquisition intentions
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This report has been prepared by Maurice Beaumont and Floyd Plettenberg. In case you have any questions or ideas about this report, please do not hesitate to reach out to us.

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